

Message Text

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17

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 AGR-05 CIAE-00 COME-00 INR-07

LAB-04 NSAE-00 SP-02 STR-04 TRSE-00 CIEP-01 FRB-03

OMB-01 L-03 SS-15 NSC-05 /070 W

----- 060563

R 050825Z FEB 76

FM AMEMBASSY LISBON

TO SECSTATE WASHDC 5905

AMCONSUL OPORTO

INFO AMCONSUL PONTA DELGADA

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E.O. 11652: N/A

TAGS: EINV, BGEN, PO

SUBJ: GOVERNMENT DECIDES RETURN TEXTILE FACTORY TO

ITS OWNERS

1. COUNCIL OF MINISTERS DECIDED DURING FEBRUARY 3-4 MEETING TO
TERMINATE GOVERNMENT INTERVENTION IN EMPRESA TEXTIL MANUEL
GONCALVES. MANDATE OF WORK COMMISSION CURRENTLY DIRECTING FACTORY ENDS

FEBRUARY 4. GOVERNMENT WILL NAME PRESIDENT OF ADMINISTRATIVE
COUNCIL (CONSELHO FISCAL). GOVERNMENT WILL NOT LEGALIZE WORKER
LAY-OFFS (SANEAMENTOS) WHICH HAVE OCCURRED SINCE INTERVENTION
TOOK PLACE IN AUGUST 1975.

2. COMMENT: PROBLEM BEGAN LAST YEAR WHEN SMALL GROUP
OF WORKERS CONVINCED MLITARY TO INTERVENE FIRM, WHICH
IS PORTUGAL'S LARGEST TEXTILE COMPANY. INTRA-WORKER TENSIONS
INCREASED AS FACTORY'S FINANCIAL SITUATION WORSENEED. AT REQUEST
OF WORKERS' REPRESENTATIVES, GOVERNMENT HAS BEEN NEGOTIATING
FOR SEVERAL MONTHS WITH OWNER FOR HIS RETURN. THIS ACTION
REPRESENTS FIRST CASE IN WHICH GOVERNMENT HAS RETURNED DE
FACTO CONTROL OF A FIRM TO ITS OWNERS. BUSINESS COMMUNITY
WILL PROBBLY VIEW THIS ACTION AS A MAJOR STEP TOWARD DEFINI-

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TION OF GOVERNMENT ATTITUDES AND AS A PRECEDENT FOR OTHER DE-

FACTO DENATIONALIZATIONS.

3. FOR OPORTO: WOULD APPRECIATE ANY INFO CONSULATE OPORTO
CAN DEVELOP ON TERMS OF GOVERNMENT-OWNER AGREEMENT AND MEANS
OF IMPLEMENTING THIS DECISION.
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Message Attributes

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Disposition Authority: morefirh
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TAGS: EINV, BGEN, PO
To: STATE OPORTO
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